



**Washington State
Public Disclosure Commission**

Annual Report

July 1, 2003 – June 30, 2004



Susan Brady and Earl Tilly, Chairs
Mike Connelly, Vice Chair
Francis Martin, Secretary
Jeannette Wood, Commissioner
Jane Noland, Commissioner

“We build public confidence in the political process and government.”

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Executive Summary

The Public Disclosure Commission members and staff are dedicated to the task of providing timely and meaningful public access to information received and to insure compliance with the disclosure laws.

National Recognition

- California Voter Foundation rated PDC best campaign finance disclosure program in the country (September 2003)
- International Academy of Digital Arts & Sciences nominated PDC for best Government & Law Website of 2004 by The Webby Awards (May 2004)

Disclosure

- 79,746 reports filed were available on the Internet within hours of receipt
- Electronically filed reports were available immediately (1,405 e-filers)
- Paper filings were made available on the same day received
- Continued development of upgrade to campaign electronic filing system
- Improved website usability

Policy Making Activity

- Amended 32 rules, adopted 10 new rules and repealed one rule
- Adopted PDC Interpretation 04-01 Contribution Limits: Impact When a State Office Candidate Does Not Have a Primary Election

Filer Assistance and Training

- Staff conducted 57 workshops
- 1,275 individuals attended representing candidates, political committees and lobbyists
- In addition to one full-time filer assistant, five compliance staffers spent 40-50% of their time assisting filers

Compliance and Enforcement

- 25 enforcement cases or reports of investigation presented to Commission
- 7 case settlements negotiated by PDC staff; penalties ranged between \$3,000 and \$5,000
- One case referred to Office of the Attorney General
- 290 brief adjudicative proceedings held by Commission Chair, primarily for late reporting
- Limited scope audits conducted on the two state party organizations

Mission Statement

The Public Disclosure Commission was created and empowered by an Initiative of the People to provide timely and meaningful public access to information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates, and to ensure compliance with contribution limits and other campaign finance restrictions.

General Information

The Public Disclosure Commission was established in 1973 as a result of Initiative 276, passed by voters in November, 1972.

- Statutory Reference Code: Revised Code of Washington 42.17
-
- Employees/Full Time Equivalents (FTEs)
One FTE=2,088 paid hours of work per year by one or more individuals.
 - 15 Classified employees
 - 4 Washington Management Service employees
 - 3 Exempt employees
- Operating Budget—FY 2004: General Fund State \$1,797,000

Allocation of FY 2004 Allotment

ITEM	APPROPRIATION	ACCESS	%	ENFORCEMENT	%	ADMINISTRATION	%
Salaries and Benefits	\$1,297,667	\$908,367	70%	\$220,603	17%	\$168,697	13%
Personal Services Contracts							
Travel	\$9,858	\$3,943	40%	\$4,929	50%	\$986	10%
Equipment (over \$5,000)	\$0						
Goods & Services - Total	\$489,475	\$195,790	40%	\$200,685	41%	\$93,000	19%
TOTAL	\$1,797,000	\$1,108,100	62%	\$426,217	23%	\$262,683	15%

Budget Appropriation: FY 00 through FY 04

ITEM	FY 00	FY 01	FY 02	FY 03	FY 04
Salaries and Benefits	\$1,006,338	\$1,321,496	\$1,300,827	\$1,291,893	\$1,297,667
Personal Services Contracts		\$125,000			
Travel	\$10,000	\$13,819	\$13,365	\$18,386	\$9,858
Equipment (over \$5,000)	\$200,000	\$100,000	\$7,000		
Goods & Services - Total	\$574,909	\$828,003	\$551,486	\$617,904	\$489,475
TOTAL	\$1,791,247	\$2,388,318	\$1,872,678	\$1,928,183	\$1,797,000

Commission Members

The Commission is composed of five citizen members appointed by the Governor and confirmed by the State Senate. Each Commissioner serves a staggered term of five years, and no more than three members can be affiliated with the same political party. Commissioners may not participate in any way in any election campaign, nor are they able to lobby, except on Commission business matters permitted by RCW 42.17.190.

The Commission hires the executive director, sets agency policy and adjudicates enforcement matters. Commission members are:

SUSAN BRADY, CHAIR (July 1 – December 31, 2003)

Commissioner Brady was re-appointed to a full term on the Public Disclosure Commission by Governor Gary Locke on January 1, 1999, and confirmed by the Senate on April 15, 1999. Her term expired on December 31, 2003.

Ms. Brady is a public affairs professional who has developed, designed and produced public relations programs for the Office of the Attorney General while holding the position of Director of Public Affairs from 1988 to 1993. Ms. Brady has extensive political campaign experience in state political party politics and in managing two statewide candidate campaigns.

Ms. Brady has worked in the private sector as a manager with Clarion Imports and the Mercer Point Wine Company.

Ms. Brady graduated from Pacific Lutheran University. She holds a Bachelor of Arts degree in Political Science.

EARL TILLY, CHAIR (January 1 – June 30, 2004)

Commissioner Tilly was appointed to the Public Disclosure Commission by Governor Gary Locke on January 1, 2003 and confirmed by the Senate on April 27, 2003. His term expires on December 31, 2007.

Mr. Tilly is currently retired after serving six years as the Mayor of Wenatchee, Washington (1994-1999). In 1986 he was appointed by President Reagan to be the State Director of Farmers Home Administration. President Bush reappointed Tilly to that post in 1989.

In 1972 he was first elected to the State House of Representatives from the 12th Legislative District and served seven terms. Tilly held

leadership positions of Republican Organization Leader and Majority Caucus Chair during his tenure in the House of Representatives.

He is active in Rotary International, Habitat for Humanity, Rebuilding Together of Greater Wenatchee and was instrumental in the funding and development of the Wenatchee Valley Senior Center.

Mr. Tilly attended Pacific Lutheran University, Wenatchee Valley College and graduated from the University of Washington with a Bachelor of Arts degree in Business.

MICHAEL CONNELLY , VICE CHAIR

Commissioner Connelly was appointed to the Public Disclosure Commission by Governor Gary Locke on April 2, 2002. His term expires on December 31, 2006.

Mr. Connelly is currently serving as City Attorney for the City of Spokane, Washington and Adjunct Professor at the Gonzaga School of Law. Since 1981, he has practiced law, emphasizing municipal issues, personal injury, family law and all aspects of civil litigation.

Mr. Connelly was a candidate for the State House of Representatives from the 9th Legislative District in 1999 and has served on the Latah Town Council, Liberty School District Board of Directors and the West Central Community Center and Spokane Community Center Board of Directors.

He has also had the opportunity to serve as a pro-tem hearing examiner, superior court commissioner, and an adjunct professor at Eastern Washington University.

Mr. Connelly graduated from the University of Washington with a Bachelor of Arts degree in History and Education and has a Juris Doctorate degree from Gonzaga School of Law.

FRANCIS MARTIN, SECRETARY

Commissioner Martin was appointed to the Public Disclosure Commission by Governor Gary Locke on June 21, 2002 to fill an unexpired term that ends on December 31, 2004.

Mr. Martin is a retired firefighter. He worked 25 years for the City of Yakima and served on the Executive Board of the Yakima Firefighters Association, IAFF Local 469, for twenty years, with three terms as Union President.

Mr. Martin is active in the horse racing industry serving as Racing Secretary for Sun Downs in Kennewick, Western Montana Fair and Northwest Fair and an Official Starter at Sun Downs, Playfair, Harbor Park and Yakima Meadows.

Mr. Martin attended Yakima Valley Community College and received training in Fire Investigation from Central Washington University. He also received Aircraft Rescue and Fire Fighter training from Big Bend Community College.

JEANNETTE WOOD

Commissioner Wood was appointed to the Public Disclosure Commission by Governor Gary Locke on March 1, 2004 to fill a term that ends on December 31, 2008.

Ms. Wood is currently a course facilitator at Edmonds Community College. In 1988 she was elected to the State House of Representatives from the 21st Legislative District serving six years until her election to the State Senate in 1994, where she served one four year term.

She was Mayor of the City of Woodway, Washington until elected to the State House of Representatives.

Ms. Wood is serving as President of the South County Senior Center Board in Edmonds and is a member of the board of the Edmonds Historical Museum. She recently served as a member of the Alumni Advisory Committee of the College of Human Ecology at Cornell University.

Ms. Wood graduated from Cornell University in Ithaca, New York with a Bachelor of Science degree.

JANE NOLAND

Commissioner Noland was appointed to the Public Disclosure Commission by Governor Gary Locke on March 16, 2004 to fill an unexpired term that ends on December 31, 2005.

Ms. Noland is the owner of Jane Noland Glass Art in Seattle. She served as a member on the Seattle City Council from 1986 through 1997. Prior to her election to the Council, Ms. Noland was an attorney with the Seattle Law firm of Perkins Coie and was attorney for the King County Council.

She is past president of the Association of Washington Cities, a former board member of the Seattle King County Bar Association, past

president of Washington Women Lawyers and is a board member of the Pratt Fine Arts Center.

Ms. Noland graduated from Women's College of the University of North Carolina with a Bachelor of Arts degree in history, received a Masters degree in Public Law and Government from Columbia University and has a Juris Doctorate degree from Seattle University.

Commission member who also served during FY 04:

LOIS CLEMENT

Commissioner Clement was appointed to the Public Disclosure Commission by Governor Gary Locke on February 23, 2002, and confirmed by the Senate on March 14, 2002. She resigned in December 2003. Her term would have expired on December 31, 2005.

Ms. Clement retired after thirty years of service with the Bellingham Public Library. She spent eight years as head of the Circulation Department and twenty years managing the Materials Budget and Acquisitions Division for the library.

Ms. Clement is Past President of the American Federation of State, County and Municipal Employees Union, Council 2, in Bellingham and served on the AFSCME Executive Board for many years. She has been active in the Democratic Party and has managed many candidate campaigns.

Ms. Clement served on the Washington State Retirement Advisory Board from 1991 to 1993 and was a board member of the Retired Senior Volunteer Program (RSVP) in Whatcom County.

Ms. Clement pursued nurses training in Vancouver, B.C. and library studies at Whatcom County Community College.

VICKI RIPPKE, EXECUTIVE DIRECTOR

Ms. Rippke has been employed by the Public Disclosure Commission since 1987, and became the agency's Executive Director on May 15, 2000. From 1994 to 1999, she held the position of Assistant Director for Public Information and Policy Development.

Ms. Rippke relocated to Washington from Alaska in 1987. She was employed as Assistant Director of the Alaska Public Offices Commission, PDC's counterpart in the 49th state, a special assistant to the Mayor of Anchorage and has held legislative staff positions in Wisconsin. She graduated from the University of Wisconsin-Madison in 1976.

Major Accomplishments

National Recognition

In September, 2003, the Commission received top honors for its campaign disclosure program, which ranked number one in the nation, according to Grading State Disclosure, a new, comprehensive, comparative study of candidate campaign finance disclosure laws and practices in the 50 states.

In May, 2004, the Commission was nominated for the best Government and Law website of 2004 by The Webby Awards, the leading international honor for web sites and individual achievement in technology and creativity. The Webby Awards honors the outstanding web sites that are setting the standards for the internet. Other web sites nominated in this category included the Brisbane City Council, FedStats, HealthyOntario.com and The Scottish Parliament. The 2004 winner was HealthyOntario.com.

Information Technology

As part of the ongoing efforts to optimize and automate agency processes, the following technological enhancements and activities were conducted:

Training

- Conducted 30 WEDS training sessions for campaign filers
- Conducted 4 lobbyist electronic filing training sessions
- Conducted media presentation for Capitol Press Corp and the Olympian
- Began developing new "lobbyist e-filing" curriculum

PDC Public Internet Website

- Developed detailed contribution searches for selected tracked local races
- Added new reports for Top 50 Contributors to Legislative, Statewide Ballot Measures, the Most Expensive Legislative Campaigns and the Total Money Raised and Spent in the Election
- Redesigned Top 50 Spending Lobbyist Reports to improve performance of reports

WEDS Replacement Project – On-line Reporting of Campaign Activity (ORCA)

Continued project development activities associated with the WEDS replacement project including:

- Completed development of the ORCA Version 1.0 Graphical User Interfaces for several screens
- Completed development of the ORCA Version 1.0 Graphical User Interface for viewing and printing reports
- Developed the new campaign "Start-up Wizard"
- Updated the report viewer to increase usability and familiarity of the software for end users

- Made several coding enhancements to improve performance and efficiency
- Continued development and modification of the on-line help system
- Began development of ORCA Version 2.0 to utilize new model structure
- Began process to simplify operations to support any future form changes

On-Line Filing Applications

- Completed installation of two new filing servers to better distribute workload
- Developed and enhanced error logging mechanism for electronic filers
- Developed an application to reprocess any electronic filings that were not correctly imported into the imaging system

Internal Intranet Applications and Systems

- Developed an internet web form and database to collect customer service feedback from in-person and internet visitors
- Modified lobbyist database to allow entry of email addresses and phone numbers

Campaign Materials CD Project

- Developed CD ROM of PDC manuals, brochures, forms and software
- Produced 2,500 disks containing campaign materials for annual mailing to counties

IT Security Program and Portfolio

- Developed policies and procedures for IT Security Program implementation
- Updated the Commission's IT portfolio for submission to the Department of Information Services
- Began project scoping of equipment requirements necessary for disaster recovery, business continuity site
- Submitted IT portfolio, disaster recovery, IT security plan audit letter to Department of Information Services
- Executed Interagency Agreement to procure auditing services from Employment Security to conduct mandatory IT Security Plan audit

IT Administration

- Developed procedure for identification of duplicate C3 reports, trained staff and reduced duplicate report errors by filers from 7% to 1.5%
- Developed queries and statistics for compliance cases and legislation
- Performed daily technical support to electronic filers and web site users

Policy Making Activity

The Public Disclosure Commission formally amended 32 disclosure rules, adopted 10 new rules and repealed one rule. The rules are identified below:

Adopted

WAC 390-05-295	Definition—Promise or promise to pay
WAC 390-17-105	Small contributors of twenty-five dollars or less
WAC 390-37-001	Enforcement cases-Jurisdiction
WAC 390-37-041	Enforcement procedures—Allegations submitted to the attorney general's office
WAC 390-37-103	Commission options following receipt of a staff report on alleged violations
WAC 390-37-155	Electronic Filing-Brief Enforcement Hearing
WAC 390-37-160	Statement of Financial Affairs (F-1) Penalty Schedule
WAC 390-37-165	Candidate Registration Statement (C-1)/Candidate Statement of Financial Affairs (F-1) Penalty Schedule
WAC 390-37-170	Lobbyist Monthly Expense Report (L-2) Penalty Schedule
WAC 390-37-175	Lobbyist Employer Report (L-3) Penalty Schedule

Amended

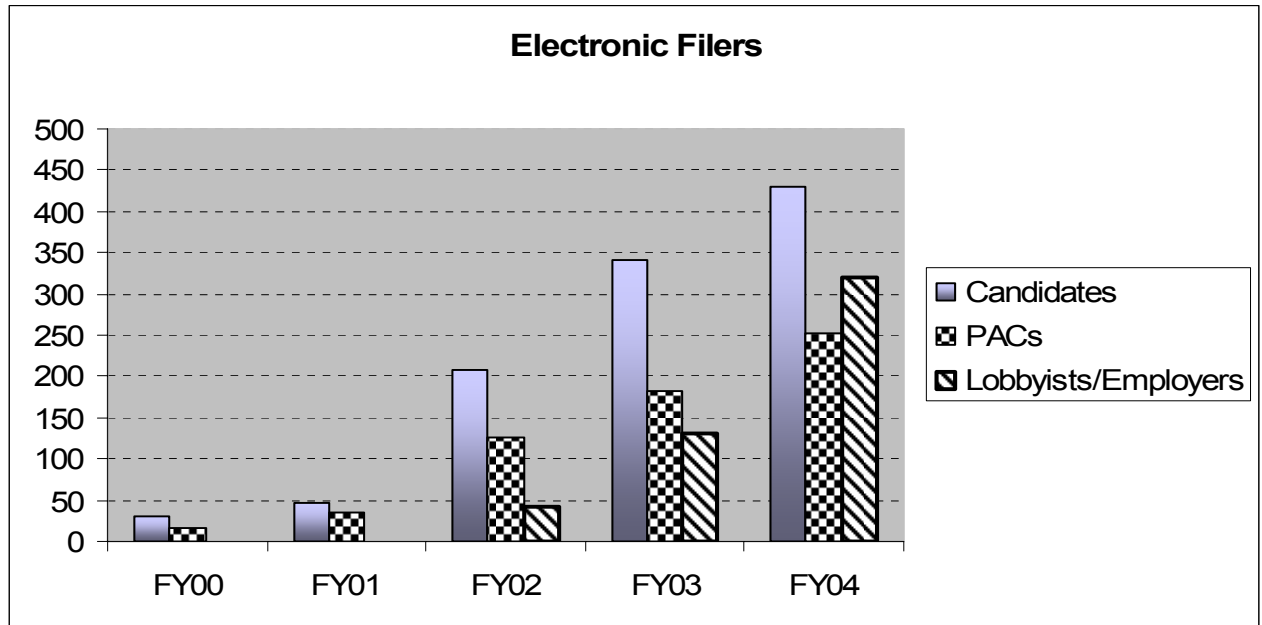
WAC 390-05-400	Changes in dollar amounts
WAC 290-12-010	Public Disclosure Commission—Regular Meetings
WAC 390-16-037	Purpose of campaign expenditures –Reporting
WAC 390-16-041	Forms—Summary of total contributions and expenditures
WAC 390-16-050	Forms for contributions and expenditures of out-of-state political committees
WAC 390-16-205	Expenditures by agents, employees—Reporting
WAC 390-16-207	In-kind contributions—Explanation and reporting
WAC 390-16-238	Personal use of contributions--Standard
WAC 390-17-030	Sample ballots and slate cards
WAC 390-18-030	Political advertising—Exemptions from identification
WAC 390-19-030	Electronic filing—Reporting threshold
WAC 390-20-0101	Forms for lobbyist registration
WAC 390-20-110	Forms for lobbyist employers report
WAC 390-37-010	Enforcement procedures—General
WAC 390-37-030	Enforcement procedures—Citizen complaints filed with the commission
WAC 390-37-040	Enforcement procedures—Procedures for filing complaints with the commission
WAC 390-37-050	Enforcement procedures—Respondent's notice of complaint
WAC 390-37-060	Enforcement procedures—Investigation of complaints—Initiation of hearing (adjudicative proceeding)
WAC 390-37-063	Enforcement procedures—Demand for information—Subpoenas

WAC 390-37-070	Enforcement procedures—Complaints dismissed by executive director
WAC 390-37-090	Informal settlement—Cases resolvable by stipulation prior to an enforcement hearing (adjudicative proceeding), or by other alternative dispute mechanism
WAC 390-37-100	Enforcement procedures—Conduct of hearings (adjudicative proceedings)
WAC 390-37-105	Prehearing conference—Rule
WAC 390-37-120	Enforcement hearings (adjudicative proceedings)—Subpoenas—Discovery—Hearings
WAC 390-37-130	Enforcement hearings (adjudicative proceedings)—Depositions and interrogatories—Right to take
WAC 390-37-132	Enforcement hearings (adjudicative proceedings)—Depositions and interrogatories—Notice
WAC 390-37-134	Depositions and interrogatories in enforcement hearings (adjudicative proceedings)
WAC 390-37-136	Production of documents and use at hearing (adjudicative proceeding)
WAC 390-37-140	Brief enforcement hearings (adjudicative proceedings)—Authority
WAC 390-37-142	Brief enforcement hearing (adjudicative proceeding)—Procedure
WAC 390-37-144	Brief adjudicative proceeding—Administrative review procedures
WAC 390-37-150	Reconsideration and judicial review of decisions
<u>Repealed</u>	
WAC 390-16-055	Forfeiture of contributions received from out-of-state or federal political committees

Filer Assistance and Training

In order to facilitate timely and accurate reporting, the Commission provides materials and training opportunities to filers. The materials include instructional manuals, brochures and notices to candidates and political committees. These materials are available in hard copy or on the PDC's website. Staff also conducted 57 training workshops across the state, including 23 candidate and political committee workshops and 34 software training sessions. Approximately 1,275 people attended training of one type or another.

Staff continues to provide one-on-one advice and assistance to filers who call or come into the office. From July 1 through election day of 2004, a filer assistance specialist and an information technology employee spent the vast majority of their time during this period assisting electronic filers comply with the law. During this same time period, the compliance staff spent approximately 40-50% of their time answering electronic mail, telephone and walk-in inquiries regarding the disclosure law or electronic filing questions.

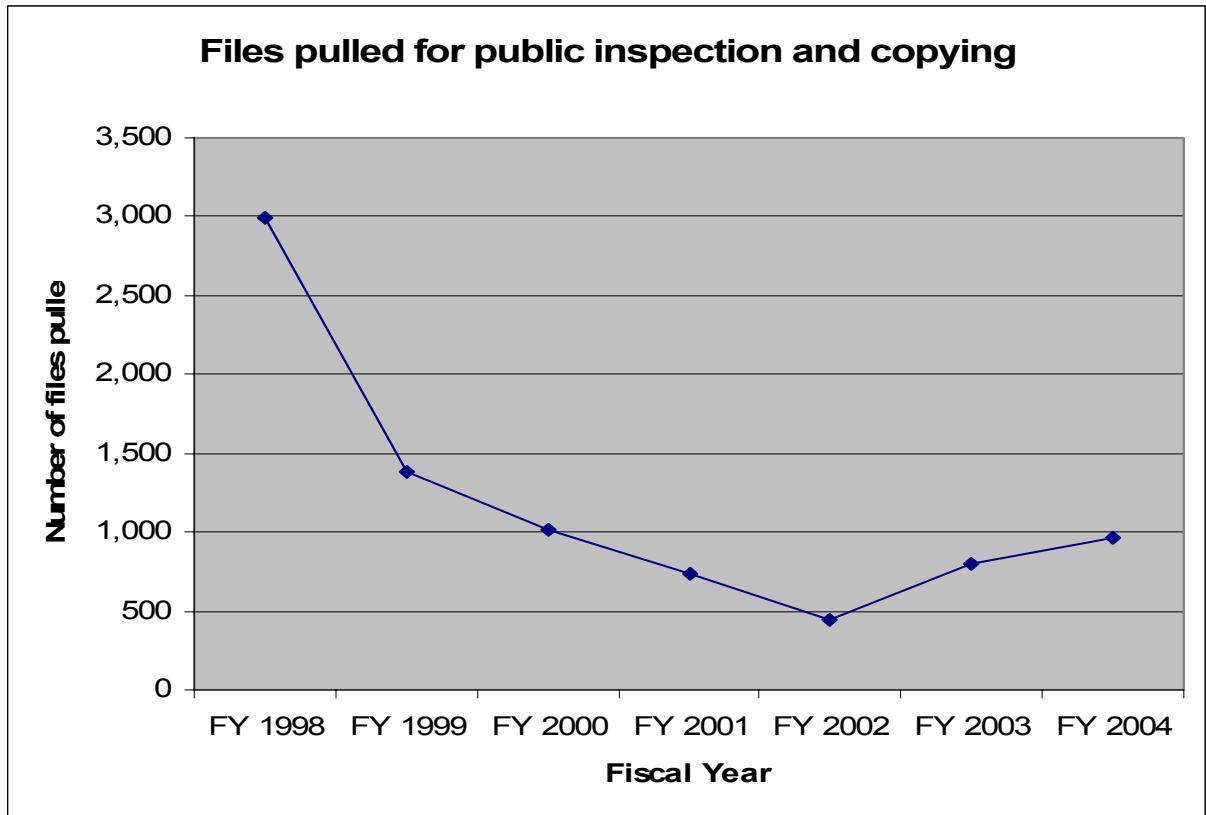


	FY 00	FY 01	FY 02	FY 03	FY 04
Candidates	31	47	207	342	430
PACs	17	34	127	183	253
Lobbyists/Employers	0	0	41	130	321

Disclosure

Making it possible for the public to obtain data in ways that are most useful is an agency priority. The Commission has met this challenge by providing timely and convenient access to filed reports through its website. During FY 2004, the PDC received, through paper filings or electronically, 79,746 reports from candidates, elected and appointed officials, lobbyists, lobbyist employers and political committees. These filings translated into 162,534 pages that were then processed. Reports filed electronically are immediately available on the Internet. Reports filed on paper are available on the Internet the same day received.

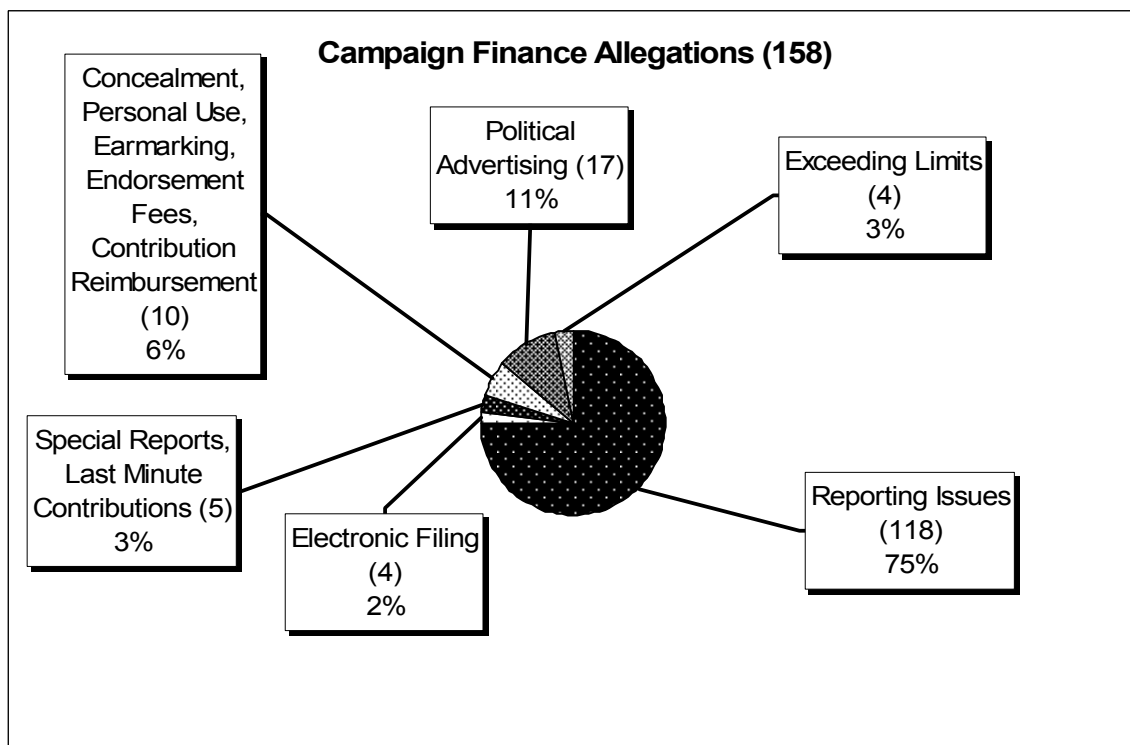
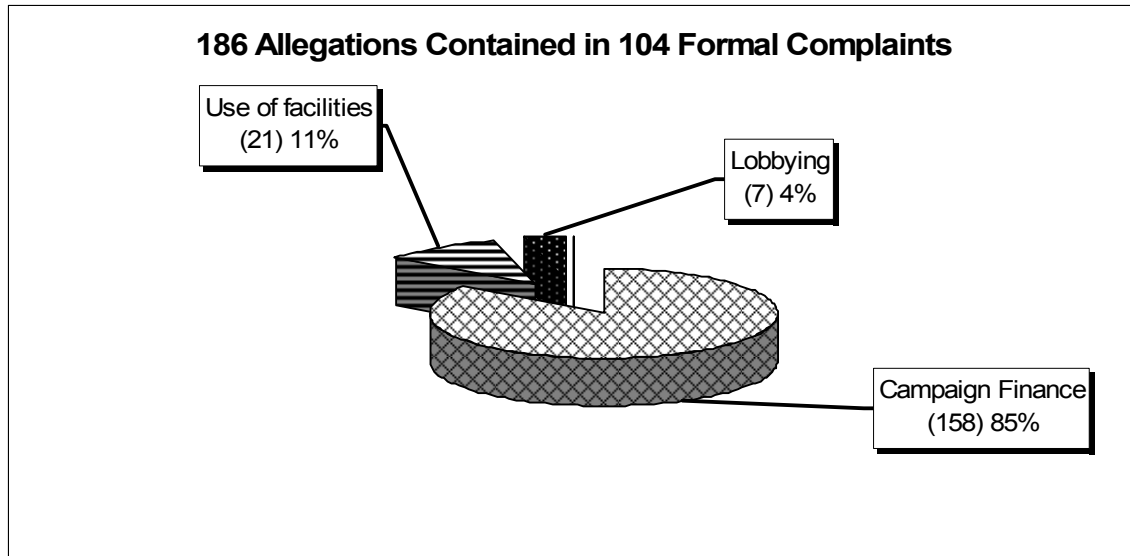
Since its inception, the Commission continues the desire to respond promptly to requests for information from the agency's many clients. During FY 2004, the agency replied to 1,850 requests for copies of reports or other documents.



In May of 2004, staff mailed over 1,700 Declarations of Candidacy and Compact Disks to county elections officials for distribution to individuals seeking office. The CDs contain candidate instruction manuals, forms, brochures, calendars and training videos—all the information necessary to assist a candidate in complying with the filing requirements.

Compliance

In addition to the time spent assisting filers and conducting investigations, compliance staff reviewed filings and conducted desk and field audits, revealing that most filers were in substantial compliance with the disclosure laws.



Note: While complaints were received alleging 186 specific violations, not all cases did or will result in enforcement action.

Enforcement

The Commission has the authority to conduct audits of reports filed by elected officials, candidates for public office, political party organizations, political committees, lobbyists, and other filers.

The Commission also has the authority to conduct investigations of complaints filed against elected officials, candidates for public office, political party organizations, political committees, lobbyists, and other persons subject to the law. Once an investigation has been completed and a report has been written, the case is either scheduled for an enforcement hearing or a dismissal letter is sent to the complainant.

The Commission holds two types of enforcement hearings, a brief enforcement hearing, or full Commission enforcement hearing.

The brief enforcement hearing is scheduled for less serious matters where the facts are undisputed. A single commissioner serves as the hearing officer, and if a violation is found, a civil penalty of no more than \$500 may be assessed for the violation(s). A full Commission enforcement hearing is held for persons who appear to be substantially out of compliance with the disclosure law or the facts of the case are in dispute. Evidence may be presented and testimony taken during this formal proceeding. If a violation is found, the Commission may impose a civil penalty up to \$1,000 for a single violation or \$2,500 for multiple violations. If the Commission determines that its penalty authority is insufficient, it may report "apparent violations" to the Office of the Attorney General for possible further legal action.

Below is a table describing the number and types of complaints filed:

Complaints/Enforcement Hearings/Investigations

	FY 2004
Formal Complaints Filed by Public	98
Formal Complaints Filed by PDC	6
PDC Generated Group Enforcement Complaints	605
Total Complaints	709
Formal Complaints Filed Against Candidates	49
Formal Complaints Filed by Public Against Candidates	48
Complaints Closed with Minor or No Action (No formal investigation and not included in above.)	33
Investigations Opened	709
Investigations Closed	692*
Brief Enforcement Hearings Held	290
Full Enforcement Hearings Held and Reports to Commission Recommending Referral to AG	25
Total Hearings/Recommendations	315
Reviews of Brief Enforcement Hearings	27
Reconsiderations of Final Orders	21

*Group Enforcement	591
Brief Hearings (Reg. Cases)	26
Full Hearings (including Group Enforcement) & Referrals	25
Dismissals	<u>50</u>
	692

Below is a summary of the full enforcement hearings held during FY 2004.

- **Marilou Rickert--Case #03-147.**
Marilou Rickert, a candidate for State Senate in the 35th Legislative District in 2002, was charged with sponsoring political advertising that contained a false statement of material fact made with actual malice about State Senator Tim Sheldon. The Commission found that Ms. Rickert committed a single violation of RCW 42.17.530 and assessed a civil penalty of \$1,000.
- **International Brotherhood of Electrical Workers Local Union 46--Case #04-273.**
The International Brotherhood of Electrical Workers Local Union 46 (IBEW Local 46), a lobbyist employer, was charged with failing to timely report contributions made to candidates and ballot issues during 2001, 2002 and 2003, and by failing to file special reports within 24 hours of making contributions that exceeded \$500 to candidates or ballot issues during the 21-day period prior to the 2001 general election. Staff and the committee stipulated to facts and violations. The Commission accepted the stipulation and assessed a penalty of \$2,500, with \$2,000 suspended.
- **Edmund T. Orcutt 2002 Campaign, Case #04-312.**
Edmund Orcutt, a candidate for State Representative in the 17th Legislative District in 2002, was charged with committing multiple violations by failing to timely report contributions, expenditures and liabilities, failing to deposit contributions received within five business days of receipt, and by failing to file special reports required within 48 hours of receiving contributions of \$1,000 or more within 21 days of the general election. Staff and Mr. Orcutt reached a stipulated agreement, including an agreed upon penalty of \$3,500, with \$1,000 suspended. The Commission accepted the stipulation.
- **Washington Independent Bankers PAC--Case #04-422.**
The Washington Independent Bankers PAC (WIB PAC) was charged with failing to timely file Monetary Contributions reports (PDC form C-3) for contributions received totaling \$36,066, and for failing to timely disclose expenditures made to state legislative or statewide executive candidates totaling \$12,575. Staff and the committee reached a stipulated settlement and the WIB PAC agreed to pay a civil penalty of \$3,500 with \$1,000 suspended. The Commission accepted the stipulated agreement.
- **Washington State Nurses Association PAC--Case #04-420.**
The Washington State Nurses Association PAC (WSNA PAC) was charged with failing to timely file contribution and expenditure reports disclosing the receipt of \$58,006 in contributions and expenditures of \$41,781. The expenditures included \$12,165 in contributions made to

candidates, as well as independent expenditures. Staff and the WSNA PAC reached a stipulation of facts, violations and penalty of \$5,000, with \$2,500. The Commission accepted the stipulation.

- **Grays Harbor County Democratic Central Committee, Case #04-421.**
The Grays Harbor County Democratic Central Committee was charged with failing to timely file Monetary Contribution reports and Summary Reports of Receipts and Expenditures for contributions received totaling \$60,881 and expenditures made totaling \$52,327 for activities that occurred between January 1, 1999 and October 27, 2003. The expenditures included contributions to candidates and other committees totaling \$11,800. Staff and the committee stipulated to the facts, violations and penalty of \$5,000, with \$2,500 suspended. The Commission voted to accept the stipulation.
- **C. Foster Rose--Case #04-419.**
C. Foster Rose, a candidate for Bellingham Mayor who lost in a contested 2003 primary election, was found in violation of soliciting a paid position of deputy mayor from the two 2003 general election candidates for mayor in exchange for his endorsement of their candidacies. Staff and Mr. Rose reached an agreement on the facts and violations of this case. The Commission accepted the stipulation and assessed a civil penalty of \$2,500 against Mr. Rose, and suspended \$2,000.
- **Committee for a Responsible Majority (C-Farm)--Case #04-383.**
The Citizens for a Responsible Majority (C-Farm) was charged with failing to timely file an amended Committee Registration Statement, failing to timely report contribution and expenditure activities, and not receiving the required \$10 from ten registered voters within 180 days in order to qualify to make contributions to legislative candidates. Staff and C-Farm reached a stipulated agreement and C-Farm agreed to pay a civil penalty of \$5,000 with \$2,500 suspended. The Commission accepted the stipulation.
- **Washington State Farm Bureau--Case #04-309.**
The Washington State Farm Bureau (WSFB), a lobbyist employer, was charged with failing to timely report a \$50,000 monetary contribution that was made to a statewide initiative committee as required on a Lobbyist Report or a Lobbyist Employer Monthly Contribution Report. Staff and the WSFB reached a stipulation of facts and violations. The Commission accepted the stipulation and imposed a civil penalty of \$1,000, of which \$500 was suspended.

Failure to File Statements of Financial Affairs:

The following individuals were found in violation for failure to file annual Statement of Financial Affairs. These individuals were brought before the full Commission because of their reporting history.

- **Al Kiefer**, Whatcom County Fire Protection District 10 Commissioner was fined \$1,000, with \$500 suspended. The Commission also reinstated a previously suspended penalty of \$500 from PDC Case #04-410.
- **James Stiebritz**, Port of Ilwaco Commissioner and a candidate in the 2003 election was fined \$600.
- **Balisa Weber**, Conway School District 317 Director for the 2003 F-1 Report and also a candidate in the 2003 election was fined \$600. Ms. Weber was also found in violation for failure to file the report due in 2004, and was fined \$1,000 with \$250 suspended.
- **Patrick Alesse**, Birch Bay Water & Sewer Commissioner was fined \$500, with \$250 suspended.
- **Kathryn Ciaia**, Ferry County Public Utility District Commissioner was fined \$400, with \$250 suspended.
- **Walter Mazna**, Clark County Fire Protection District 12 Commissioner, fined \$500. The Commission also reinstated a previously suspended penalty of \$250 from PDC Case #01-471.
- **Patricia Medveckus**, Key Peninsula Park and Recreation District Commissioner, fined \$1,000.
- **Harry Oestreich**, King County Fire Protection District 45 Commissioner, fined \$500.
- **David Thompson**, Rochester School District 401 Director, fined \$500 with \$250 suspended.
- **Michele Yapp**, University of Washington Regent, fined \$500 with \$250 suspended.

Citizen Action Letters

RCW 42.17.400(4) states, in part: “Any person who has notified the attorney general and the prosecuting attorney in the county in which the violation occurred in writing that there is reason to believe that some provision of this chapter is being or has been violated may himself bring in the name of the state any of the actions...This citizen action may be brought only if the attorney general and the prosecuting attorney have failed to commence an action hereunder within forty-five days after such notice and such person has thereafter further notified the attorney general...that said person will commence a citizen’s action within 10 days upon their failure to do so...”

During FY 04, the following citizen action letter was received and investigated:

Pat Mooney—Case #04-310.

Brian Wetcher filed a “45-day Citizen Action Letter” with the Office of the Attorney General and the Skagit County Prosecutor’s Office against Pat Mooney, a candidate for the Port of Anacortes, alleging that Mr. Mooney received contributions and made expenditures in excess of the mini reporting option limits. The Commission found that Mr. Mooney committed multiple apparent violations and referred this matter to the Attorney General's Office, and requested the Attorney General’s Office explore all remedies available, including the possibility of a court voiding the election.

Litigation

The following is a summary of major litigation occurring in FY 2004 and other pending litigation in which the Washington State Public Disclosure Commission was or is a party. This summary does not include the superior court cases pursued to collect unpaid penalties imposed by the PDC.

State Courts

State Supreme Court

Washington Education Association v. Public Disclosure Commission, Christine Yorozu, Gerry Marsh, Lois Clement, Susan Brady, & Ronda Cahill, State Supreme Court No. 72877-1. This was a challenge by the WEA to the PDC's *Guidelines for School Districts in Election Campaigns*. The Guidelines explain the prohibition in RCW 42.17.130 on the use of public facilities to support or oppose campaigns for candidates or ballot measures. The statute was first codified after the passage of Initiative 276. The WEA argued the Guidelines violated its free speech rights. Following a King County Superior Court ruling for the WEA, the PDC appealed to the State Supreme Court. The State Supreme Court overturned the superior court and ruled that the WEA could not challenge the Guidelines because they only expressed an agency's view of the law, and thus were not actionable in court. The PDC was awarded its costs.

State ex rel. Public Disclosure Commission v. Washington Education Association, State Supreme Court No. 74268-5 (*Pending*). Following a referral from the PDC to the Attorney General's Office, this lawsuit was filed against the education employees union for alleged violations of RCW 42.17.760 (misuse of agency fee payer funds for political purposes) for the past 5 years. The Thurston County Superior Court imposed a penalty of \$400,000 against the WEA plus costs and fees, and entered a Permanent Injunction. The WEA appealed to the Court of Appeals where the WEA prevailed when the court found the statute unconstitutional. The PDC appealed to the State Supreme Court. Oral argument has been held and a decision is pending. A similar case against the National Education Association has been stayed pending the outcome of this case.

Robert Edelman v. State of Washington ex rel. Public Disclosure Commission, State Supreme Court No. 74152-2. This was a challenge to a PDC rule at WAC 390-16-311 concerning entity affiliation and a "staying out" provision. The challenge sought repeal of the rule. The rule was adopted in 1994 and implemented RCW 42.17.660, a statute that was part of Initiative 134 and which addressed contribution limits for entities and labor organizations. The PDC prevailed in the Thurston County Superior Court and the Petitioner filed an

appeal with the Court of Appeals. The Court of Appeals found the rule invalid and the PDC appealed to the State Supreme Court. In October 2004, the State Supreme Court, on a 6-3 vote, upheld the Court of Appeals and invalidated the rule.

Court of Appeals

Marilou Rickert v. PDC et al., Court of Appeals No. 32274-9-II (*Pending*). Following hearing, the PDC found Ms. Rickert had violated RCW 42.17.530 regarding false statements made in a campaign flier about her opponent in a legislative campaign. She was assessed a penalty. Ms. Rickert appealed to the Thurston County Superior Court and also argued a constitutional right to free speech. The superior court upheld the PDC's decision. Ms. Rickert appealed to the Court of Appeals. No oral argument date has been set.

Superior Courts

Public Disclosure Commission v. Voters Education Committee, Thurston County Superior Court No. 04-2-01845-2; Voters Education Committee v. Public Disclosure Commission et al., King County Superior Court No. 04-2-23551-1-SEA. (*Pending*). The PDC referred to the Attorney General's office apparent violations by the Voters Education Committee and others of RCW 42.17.040, 42.17.090 and 42.17.120 for failing to register as a political committee, failing to file detailed reports, and for concealment of amount and identity of contributions and expenditures. The apparent violations arose from a television commercial regarding a candidate in a contested state Attorney General race. The AGO filed an action in superior court, which resulted in disclosure of VEC information, including the source of the funds as the United States Chamber of Commerce's Institute for Legal Reform. Meanwhile, the VEC also sued the PDC in another superior court, claiming the advertisements were issue advocacy not subject to disclosure and thus there was no obligation to report to the PDC. Both cases are still pending.

State ex rel. Public Disclosure Commission v. Pat Mooney, Skagit County Superior Court No. 04-2-00440-6. Following a referral from the PDC to the Attorney General's Office, a lawsuit was filed against this local government candidate and officeholder for apparent multiple violations of RCW 42.17.040, 42.17.080, 42.17.090, and PDC rules. The candidate allegedly failed to comply with the "mini-reporting" requirements for small election campaigns, and spent more than allowed without following the procedures in statute and rule. The case was resolved when the candidate agreed to resign his office, and upon other terms.

State ex rel. Public Disclosure Commission v. Permanent Offense, Tim Eyman, Suzanne Karr, Snohomish County Superior Court No. 02-2-08212-1 (*Pending*). Following a referral from the PDC to the Attorney General's Office, a

lawsuit was filed against Permanent Offense et al. regarding alleged violations of 42.17 RCW. Permanent Offense et al. allegedly failed to maintain campaign records, to document reimbursements for personal expenditures, and failed to report in-kind contributions, among other claims. A judgment on behalf of the state was entered as to Tim Eyman and the political committee; the remaining case against Ms. Karr is still pending.

Other Litigation - Amicus

American Civil Liberties Union and Gary Peck v. Dean Heller and Frankie Sue Del Papa, 9th Circuit Court of Appeals No. 01-15462. This was a federal court appeal concerning Nevada's statutory prohibition on anonymous political advertising that required certain groups or entities publishing material or information related to an election to reveal on the publication the names and addresses of the publication's financial sponsors. The ACLU filed suit, claiming the statute violated federal free speech rights. The Washington PDC was not a party but filed an amicus brief in support of Nevada. The Court of Appeals ruled in favor of the ACLU. The court invalidated Nevada's statute as a content-based regulation of core political speech which was not narrowly tailored to serve claimed state interests.